

WILMER, CUTLER & PICKERING

2445 M STREET, N. W.
WASHINGTON, D. C. 20037-1420

INTERNATIONAL TELEX: 440 239 WCPI UI

TELEX: 89-2402 WICRING WSH

TELEPHONE 202 663-6093

No. 8-074A045

MAR 14 1988

Date

Fee \$ 13.00

ICC Washington, D. C.

EUROPEAN OFFICE

4 CARLTON GARDENS

PALL MALL

LONDON, SW1Y 5AA, ENGLAND

TELEPHONE 011-441-839-4466

TELEX: 8813918 WCPLDN

TELCY: 839-3537

CABLE ADDRESS: WICRING LONDON

ALLEN H. HARRISON, JR.

DIRECT LINE (202)

663-6093

MAR 14 1988-2 30 PM

March 14, 1988 STATE COMMERCE COMMISSION

Dear Ms. McGee:

\$13.00 filing fee

On behalf of Norstar Bank of Upstate NY (Bank), I submit for filing and recording under 49 U.S.C. Section 11303(a) and the regulations promulgated thereunder, one executed counterpart and one certified true copy of Release of Collateral and Amendment to Security Agreement (Release), dated March 10, 1988, a secondary document, not previously recorded.

The parties to the enclosed document are:

Norstar Bank of Upstate NY - Secured Party (Party Releasing)

268 Genesee Street
Utica, New York 13502

Delaware Otsego Corporation - Collectively Debtor (Party Released)

Delaware Otsego Equipment Corporation
Cooperstown and Charlotte Valley Railway Corporation
Central New York Railroad Corporation
Lackawaxen and Stourbridge Railroad Corporation
Fonda, Johnstown and Gloversville Railroad Company
Fonfulco, Inc.
The New York, Susquehanna and Western Railway Corporation
Susquehanna Properties, Inc.
One Railroad Avenue
Cooperstown, New York 13326

The said document releases the security interest of the Bank in two (2) Model F 45 and twelve (12) Model SD 45 locomotives identified in Schedule A attached hereto under that certain Security Agreement, filed with the ICC March 6, 1987, under Recordation No. 15177. The Release should be recorded under the next available letter under Recordation No. 15177, which we believe will be -A.

The equipment covered by the Release is described in Schedule A attached hereto.

- 2 -

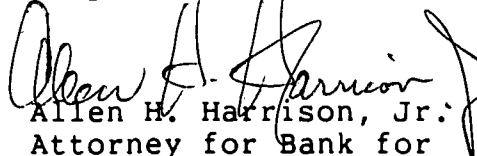
A short summary to appear in the Index is as follows:

"Release of 14 locomotives from 15177"

Enclosed is our check in the amount of thirteen dollars (\$13) in payment of the filing fee.

Once the filing has been made, please return to bearer the stamped copy of the document not required for filing purposes, together with the fee receipt, the letter from the ICC acknowledging the filing, and the two extra copies of this letter of transmittal.

Very truly yours,


Allen H. Harrison, Jr.
Attorney for Bank for
the purpose of this filing

Honorable Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Enclosures

AHH/iw

BY HAND

SCHEDULE A

1. 1971 General Motors Locomotive, Model SD45, S/N 37117.
Presently NYS&W 3622; formerly NYS&W 6509 BN 6509
2. 1971 General Motors Locomotive, Model SD45, S/N 37112.
Presently NYS&W 6361; formerly NYS&W 6514 BN 6514
3. 1971 General Motors Locomotive, Model SD45, S/N 37133.
Presently NYS&W 6525; formerly BN 6525
4. 1971 General Motors Locomotive, Model SD45, S/N 37129.
Presently NYS&W 6521; formerly BN 6521
5. 1971 General Motors Locomotive, Model F45, S/N 37180.
Presently NYS&W 3636; formerly NYS&W 6640 BN 6640
6. 1971 General Motors Locomotive, Model F45, S/N 37184.
Presently NYS&W 3638; formerly NYS&W 6370 BN 6644
7. 1971 General Motors Locomotive, Model SD45, S/N _____
Presently NYS&W 6500; formerly BN 6500
8. 1971 General Motors Locomotive, Model SD45, S/N _____
Presently NYS&W 3620; formerly NYS&W 6503 BN 6503
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11. 1971 General Motors Locomotive, Model SD45, S/N _____
Presently NYS&W 6542; formerly BN 6542
12. 1970 General Motors Locomotive, Model SD45, S/N 36369.
Presently NYS&W 3614; formerly NYS&W 6364 BN 6486
13. 1970 General Motors Locomotive, Model SD45, S/N 36378.
Presently NYS&W 3612; formerly NYS&W 6362 BN 6480
14. 1970 General Motors Locomotive, Model SD45, S/N 36375.
Presently NYS&W 6366; formerly BN 6489

All of the above include all attachments and accessories now or hereafter attached thereto.

15177-#

RELEASE OF COLLATERAL AND AMENDMENT
TO SECURITY AGREEMENT

by and between

DELAWARE OTSEGO CORPORATION
DELAWARE OTSEGO EQUIPMENT CORPORATION
COOPERSTOWN AND CHARLOTTE VALLEY RAILWAY CORPORATION
CENTRAL NEW YORK RAILROAD CORPORATION
LACKAWAXEN AND STOURBRIDGE RAILROAD CORPORATION
FONDA, JOHNSTOWN AND GLOVERSVILLE RAILROAD COMPANY
FONFULCO, INC.
THE NEW YORK, SUSQUEHANNA AND WESTERN RAILWAY CORPORATION
SUSQUEHANNA PROPERTIES, INC.

and the

NORSTAR BANK OF UPSTATE NY

Dated: March 10, 1988

Record and return to: Lester A. Sittler, General Counsel
Delaware Otsego Corporation
1 Railroad Avenue
Cooperstown, New York 13326

Prepared by: Lester A. Sittler, Esq.

Telephone no.: 607-547-2555

RECORDATION NO. 151772 A
MAR 14 1988-2 4:12 PM
INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT made the 10th day of March, 1988, between DELAWARE OTSEGO CORPORATION; DELAWARE OTSEGO EQUIPMENT CORPORATION; COOPERSTOWN AND CHARLOTTE VALLEY RAILWAY CORPORATION; CENTRAL NEW YORK RAILROAD CORPORATION; LACKAWAXEN AND STOURBRIDGE RAILROAD CORPORATION; FONDA, JOHNSTOWN AND GLOVERSVILLE RAILROAD COMPANY; FONFULCO, INC.; THE NEW YORK, SUSQUEHANNA AND WESTERN RAILWAY CORPORATION; and SUSQUEHANNA PROPERTIES, INC. -- all having a place of business at 1 Railroad Avenue, Cooperstown, New York (all herein jointly and severally called the "Debtor") and NORSTAR BANK OF UPSTATE NY, a trust company organized and existing under the laws of the State of New York, with a bank office at 268 Genesee Street, Utica, New York 13501 (herein called the "Secured Party").

W I T N E S S E T H :

WHEREAS, the Secured Party entered into a Loan Agreement dated January 22, 1987 in the face amount of \$9,000,000, and a Loan Agreement dated August 5, 1987 in the face amount of \$3,000,000 (hereafter the "Loan Agreements") with Debtor; and

WHEREAS, the Secured Party, pursuant to the Loan Agreements, is the holder of a Security Agreement dated January 22, 1987 and a Security Agreement dated August 10, 1987 (hereafter the "Security Agreements") which grant to the Secured Party a security interest to all the collateral and

security described therein, including all machinery, equipment, motor vehicles, locomotives, railroad cars, rolling stock, furniture and fixtures now owned or hereafter acquired, plus all proceeds and products thereof, and all replacements, additions and accessions thereto; and

WHEREAS, the Security Agreement dated January 4, 1987 was recorded with the Interstate Commerce Commission on March 6, 1987 under recordation number 15177; and

WHEREAS, the Debtor and Secured Party desire to amend the aforesaid Security Agreements so as to release the 12 EMD SD-45 railroad locomotives and 2 EMD F45 railroad locomotives listed on Schedule A attached hereto and made a part hereof, from the lien in favor of the Secured Party.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements and other good and valuable consideration, the receipt of which is hereby acknowledged, the Debtor and Secured Party mutually covenant and agree as follows:

A. Secured Party hereby releases the railroad locomotives listed on Schedule A attached hereto as collateral security for the repayment of the aforesaid Loan Agreements and from the liens created by the aforesaid Security Agreements. Secured Party hereby terminates, releases and discharges any and all rights, security interests, liens and interests of any kind in and to said railroad locomotives.

B. With the exception of the aforesaid, the provisions of the Loan Agreements, Security Agreements and

all other documents executed in connection therewith will remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Instrument to be executed by their duly authorized officers as of the day and year first above written.

ATTEST:


Secretary

DELAWARE OTSEGO CORPORATION

By: 

C. David Soule, Executive Vice President

ATTEST:



Secretary

DELAWARE OTSEGO EQUIPMENT CORPORATION

By: 

C. David Soule, Executive Vice President

ATTEST:



Secretary

COOPERSTOWN AND CHARLOTTE VALLEY RAILWAY CORPORATION

By: 

C. David Soule, Executive Vice President

ATTEST:


Secretary

CENTRAL NEW YORK RAILROAD CORPORATION

By: 

C. David Soule, Executive Vice President

ATTEST:



Secretary

LACKAWAXEN AND STOURBRIDGE RAILROAD CORPORATION

By: 


C. David Soule, Executive Vice President

ATTEST:


Secretary

FONDA, JOHNSTOWN AND GLOVERS-
VILLE RAILROAD COMPANY

By:

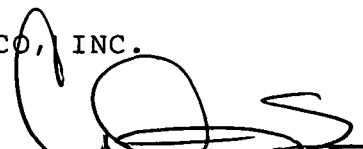

C. David Soule, Executive Vice President

ATTEST:

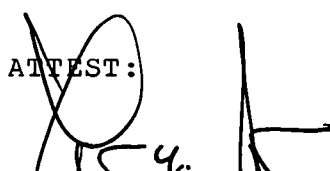

Secretary

FONFULCO, INC.

By:

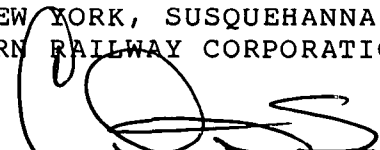

C. David Soule, Executive Vice President

ATTEST:



Assistant Secretary

THE NEW YORK, SUSQUEHANNA AND
WESTERN RAILWAY CORPORATION

By:


C. David Soule, Executive Vice President

ATTEST:


Secretary

SUSQUEHANNA PROPERTIES, INC.

By:

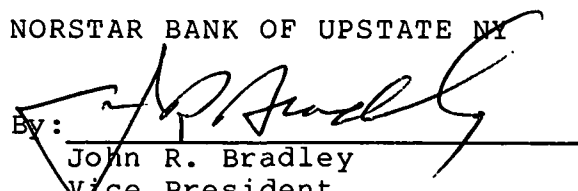

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ATTEST:



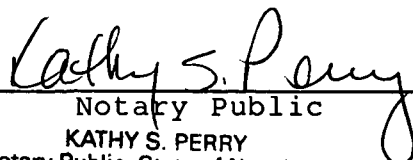
NORSTAR BANK OF UPSTATE NY

By:


John R. Bradley
Vice President

STATE OF NEW YORK)
) ss.:
COUNTY OF OTSEGO)

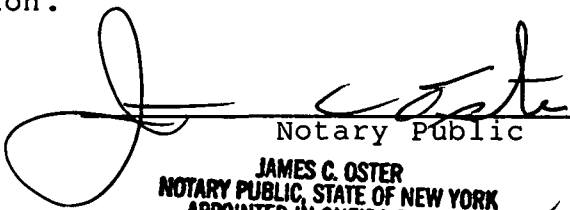
On the 10th day of March, 1988, before me personally came C. David Soule, to me known, who being by me duly sworn, did depose and say that he resides at Chestnut Street, Cooperstown, New York; that he is Executive VP of DELAWARE OTSEGO CORPORATION; DELAWARE OTSEGO EQUIPMENT CORPORATION; COOPERSTOWN AND CHARLOTTE VALLEY RAILWAY CORPORATION; CENTRAL NEW YORK RAILROAD CORPORATION; LACKAWAXEN AND STOURBRIDGE RAILROAD CORPORATION; FONDA, JOHNSTOWN AND GLOVERSVILLE RAILROAD COMPANY; FONFULCO, INC.; THE NEW YORK, SUSQUEHANNA AND WESTERN RAILWAY CORPORATION; and SUSQUEHANNA PROPERTIES, INC.; the corporations described in and which executed the above Instrument; and that he signed his name thereto by order of the Board of Directors of said corporations.



Notary Public
KATHY S. PERRY
Notary Public, State of New York
No. 4765617
Qualified in Otsego County
Commission Expires 4-30-88

STATE OF NEW YORK)
) ss.:
COUNTY OF ONEIDA)

On the 9th day of MARCH, 1988, before me personally came John R. Bradley, to me known, who being by me duly sworn, did depose and say that he resides at Whitesboro, NY, that he is a Vice President of NORSTAR BANK OF UPSTATE NY, the trust company described in and which executed the above Instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.



Notary Public
JAMES C. OSTER
NOTARY PUBLIC, STATE OF NEW YORK
APPOINTED IN ONEIDA COUNTY
MY COMMISSION EXPIRES SEPT. 30, 1989

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